



Senate Study Committee on Excellence, Innovation, and Technology at HBCUs

Impact on Workforce and Economic
Development

Presented by Sterling Johnson, Director,
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Our Mission

The Partnership for Southern Equity (PSE) advances policies and institutional actions that promote **racial equity and shared prosperity** for all in the growth of metropolitan Atlanta and the American South.

WHAT IS RACIAL EQUITY?

Racial Equity is when the distribution of society's benefits and burdens **would not be skewed by race.**

In other words, racial equity would be a reality in which a person is no more or less likely to experience society's benefits or burdens just because of the color of their skin.



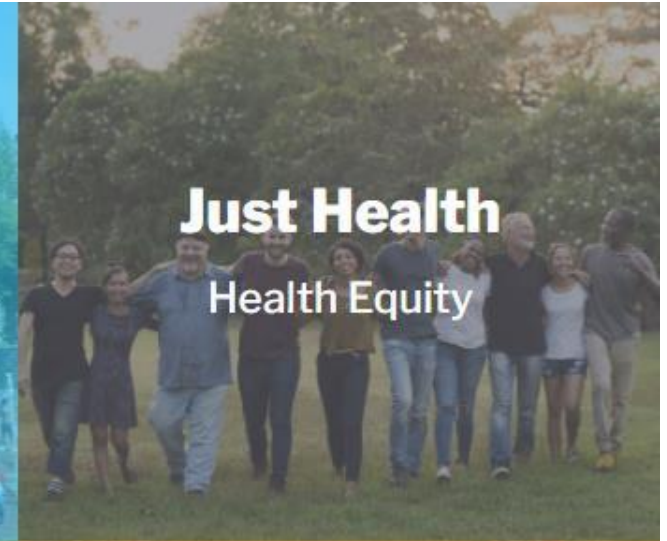


*TRANSFORMING
SYSTEMS
AND
PEOPLE*

The PSE Way

- Leading with race
- Catalyzing relationships
- Growing an equity ecosystem
- Grounding in communities of color and low-wealth
- Leveraging data & research

PSE IS: Disrupting Systems, Across Silos





PSE's 4 Principles of Shared Prosperity

- Development must happen with people, not to people
- Public and private investments should produce outcomes for “people, planet & profit”
- Equitable growth is the superior growth model
- Building individual and collective capacity can enable communities to lead and own change efforts



Just Opportunity's Mission

Just Opportunity upholds these principles and is committed to the work of economic inclusion.

- Economic Inclusion - The **increase** of equity in the distribution of **income**, **wealth building**, **employment**, and **entrepreneurial opportunities** for historically disinvested communities of color.

The Just Opportunity portfolio works to support the equity ecosystem by championing new values that position low/moderate wealth communities of color to ***inform, participate, and benefit*** from:

1. The state, county, and municipal approach to economic development.
2. The private sector's approach to economic growth; and
3. Our communities' approach to economic sustainability.

HBCUs and the Civic Landscape

How are HBCUs (as an extension of the Black community) and resident leaders from surrounding communities positioned to inform:

- Their evolution
- Future innovation
- Community redevelopment

What is their responsibility to the surrounding community?

Community Disinvestment and HBCUs

81%

- Eighty-one percent (81%) of HBCUs are located in US counties where the median wage is below the national average.

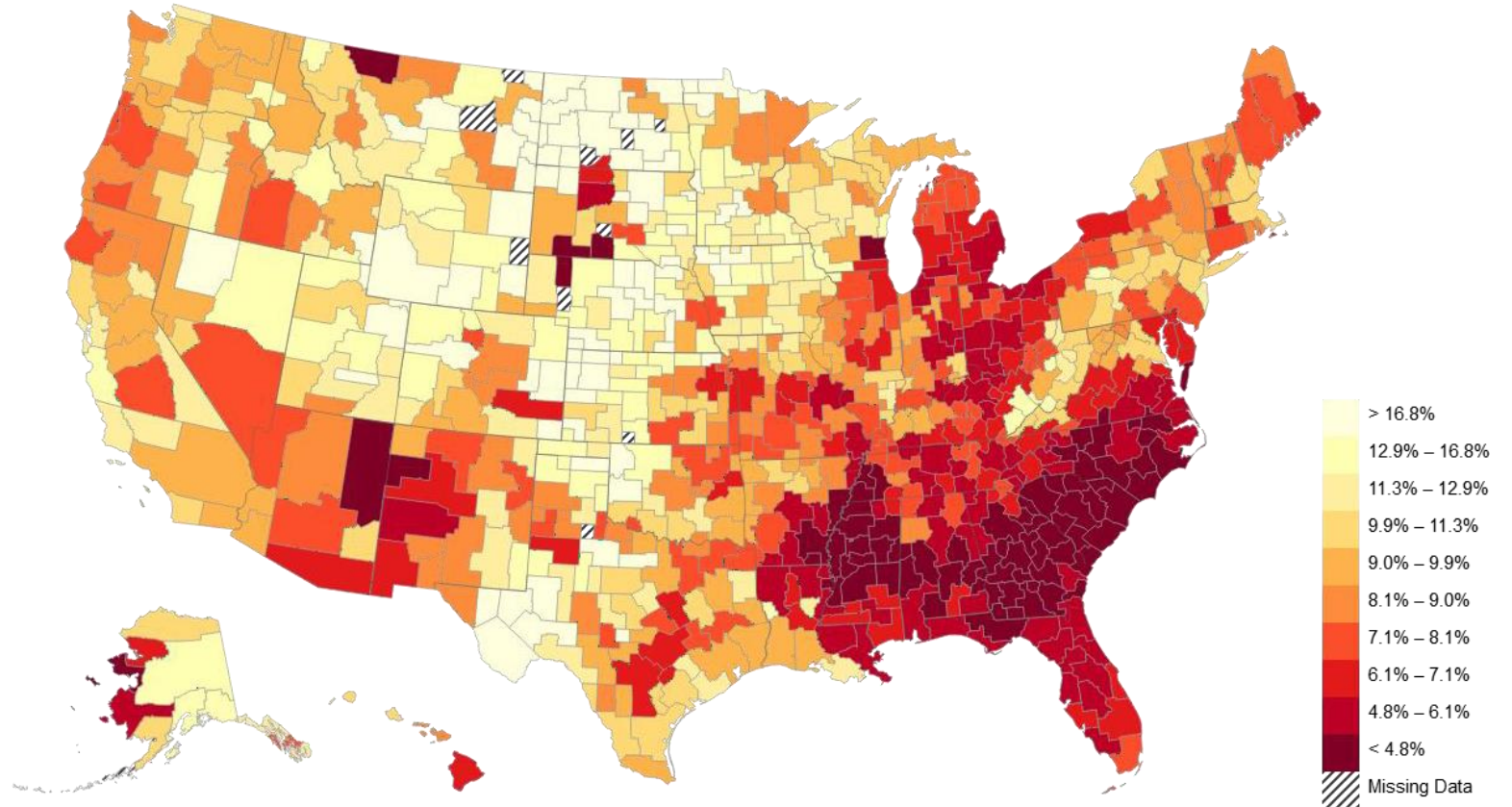
65%

- 65 percent of HBCUs are in geographic areas where past and projected net job growth is slower than average.

Place as a Predictor

Georgia is among the worst states in economic mobility and income inequality.

- In Atlanta **80% of Black children live in high poverty areas** (compared to 6% white)
- **2nd percentile in upward income mobility**
 - For children born into poverty only about 4% make it into the upper quartile of income earners



Black population without high-speed internet subscriptions where historically Black colleges and universities (HBCUs) are located,¹ by county, 2019, number



¹High-speed internet subscription is broadband as defined by the US Census.
Source: US Census American Community Survey, 2019 (five-year estimates); McKinsey Global Institute analysis

HBCUs Impact on Black Professionals

Despite disparities, HBCUs supply:

- 17% of all Black bachelor's degrees;
- 24% of all STEM-related bachelor's degrees earned by Black students in the US;
- More Black Medical school applicants than non-HBCUs;
- 40% of all Black engineers;
- 40% of all Black US Congress members;
- 50% of all Black lawyers;
- and 80% (!) of all Black judges.



Place as a Predictor

- Black children from low wealth census tracts surrounding each one of Georgia's HBCUs, reported average annual household incomes well under the Federal poverty line. (Opportunity Insights, Children's Outcomes in Adulthood)

Educational Impact on Mobility

According to
the
Association
of Public
Land Grant
Universities:

- College graduates have average lifetime earnings over \$1.2 million more and annual earnings over \$32,000 more than high school graduates.
- College graduates are:
 - 2x more likely to volunteer; Be more philanthropic; more civically engaged; 3.5 times less likely to live in poverty and 5x less likely to be justice involved.

Return on Investment



- The average high school graduate's contributions above government services used.

- An average bachelor's degree recipient contribution

- Advanced degree holder contributions.

Pathways to Economic Mobility



- HBCUs serve more Pell grant eligible (70%) and first generation (39%) college students.
- HBCU mobility rates more than double the national average (while supporting nearly five times more students than Ivy Plus ranked institutions) (UNCF, 2021)

More Than Education

- Responsibility to both create opportunities for today and prepare the way for the economy of tomorrow.
- Anchors hold considerable social capital, purchasing power, real estate interests and are major employers. They have **long-term interest** in the surrounding community.
- “Anchored” in place
 - In their best interest to create conditions that support economic growth
 - How does this support non-students

THE ROLE OF ANCHORS IN COMMUNITY REVITALIZATION: STRATEGIC FRAMEWORK



ICIC, 2011

The Utility of Colleges and Universities

- According to the Association of Governing Boards of Universities and Colleges (AGB):
 - America's colleges and universities make vital contributions to the economy as employers, investors, business incubators, and industry partners.
 - Higher education institutions are the **largest employers in 10 states** and **two-thirds of America's 100 largest cities**. Overall, U.S. colleges and universities employ 3.98 million people
 - **Georgia's HBCU's generate 1.3 Billion in annual economic impact and create over 12,000 jobs**

More Work to Do

1. Black degree holders twice as likely to be unemployed a year after graduation and are more likely to work part time or unpaid work after graduation. (Forbes, 2020)
2. Black employees still make up just 7.4% of the Tech Workforce (EEOC, 2022) / 6.2% of HBCU grads***
3. As of Q3 2022, Georgia's Black workers age 25 and over were still **twice more likely to be unemployed** than their white, Latino, and Asian counterparts. (BLS, 2022)

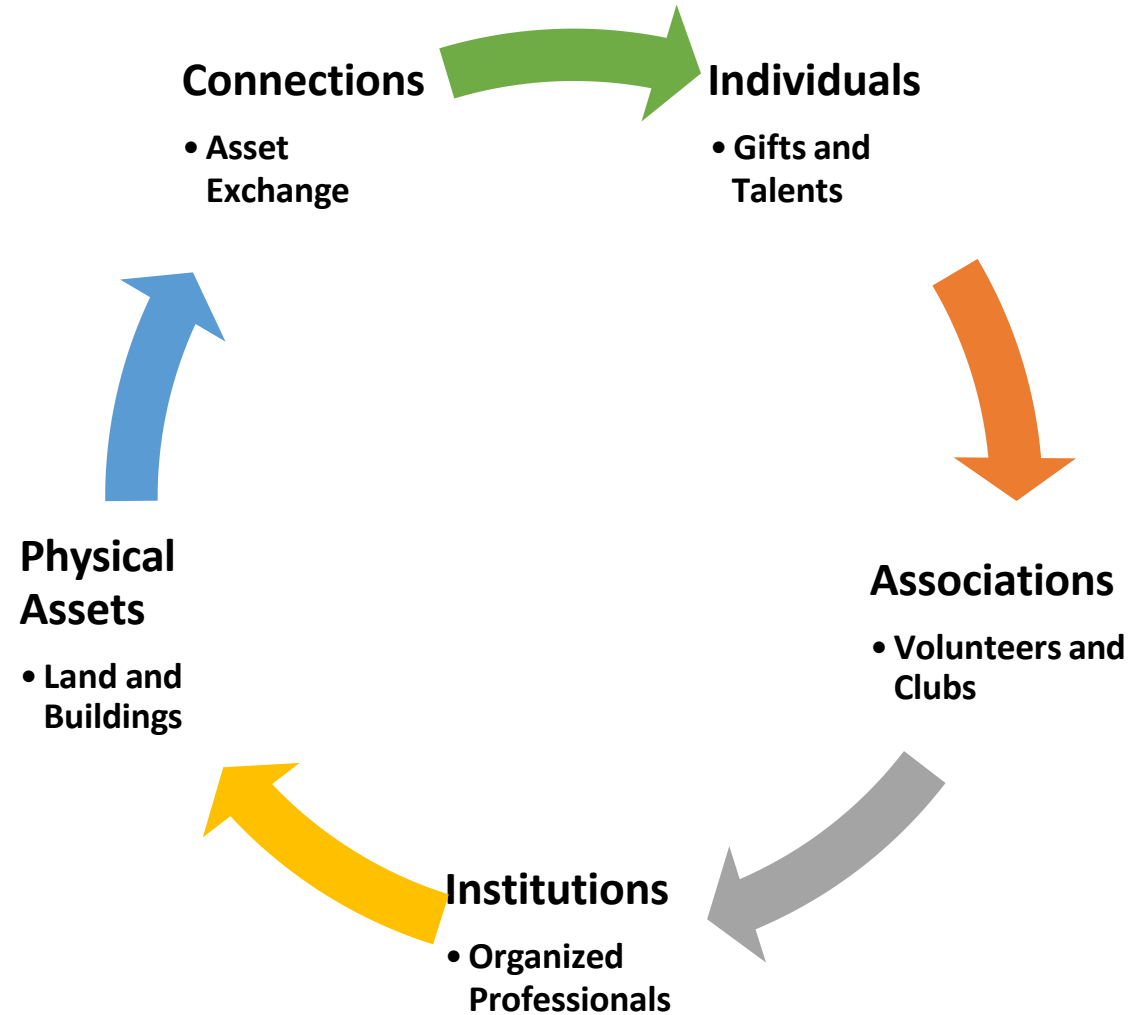
An Economy Where Everyone is Valuable

- With full, equitable, employment, Georgia's GDP would grow by an estimated \$12 billion annually. (PSE and PolicyLink, 2017)
- Closing the racial wealth gap would add between \$1 trillion and \$1.5 trillion to the U.S. Economy by 2028—4 to 6 percent of the projected GDP. (McKinsey, 2019)

Four Areas For Consideration

1. How are HBCUs positioned to lead future revitalization efforts and how are legacy residents going to benefit?
2. HBCUs should be on the forefront in defining the future of work.
3. Are HBCUs serving as centers for innovative exploration?
(Morgan State FinTech Center/Blockchain Program)
4. HBCUs are positioned to incubate Black entrepreneurs and support diverse workers from underserved areas.

Assets and Anchors (ABCD Approach)



Anchor Revitalization

- For HBCUs, their potential impact as an anchor has been stunted by systemic barriers, implicit bias, and other race-based factors.
 - Community underinvestment
 - Access to capital, liquidity and cash flow (traditional lending)
 - Alumni giving (Racial Wealth Gap)
 - Aging infrastructure and increasing costs
- Collectively limits opportunities for further investment.



Funding Disparities – University Endowments

- University endowments are necessary for supporting student-aid; innovation and research; and other innovative programs.
- Between 2018 and 2019, the average non-HBCU institution had 7x times the endowment value of the average HBCU. According to U.S. News and World Report, the top ten ranked higher-education institutions have 50 times the endowment resources of ALL the four-year HBCUs **combined**.
- Average four-year non-HBCU institution has around \$1.25:\$1 while the average four-year HBCU has 50 cents to every dollar (McKinsey, 2021)

Innovation and the Future of Work

- According to McKinsey & Co. (2019), Black workers are overconcentrated in industries that will face significant disruption from automation and are underrepresented in occupations with the lowest expected displacement.
 - Office Support, Food Services and Production Work*
- Black workers are also overconcentrated in low paying jobs and entrepreneurs in low growth sectors.

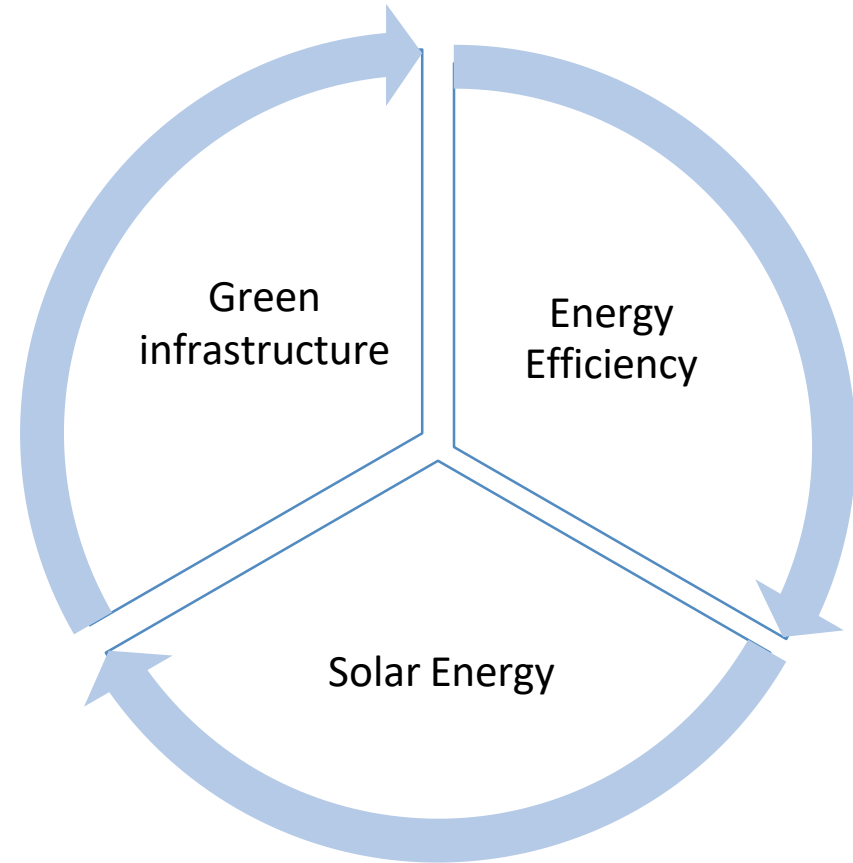
Innovation and the Future of Work

- Are HBCUs preparing for the jobs of tomorrow?
 - Emerging green economy and renewable energy
- Reskilling, Upskilling, and Credentialing
 - How does the university support non-student job seekers?
 - Partnering with Georgia's Technical College System
 - Ex. Fort Valley State University partnered and Central Georgia Technical College
 - Combating the threat of automation to low-wage job holders.

Georgia's Green Economy

A Green economy aims at reducing environmental risks, ecological scarcities, and promotes sustainable development without degrading the environment.

The green economy will excel in three (3) ways.



A photograph showing two construction workers installing solar panels on a roof. The worker on the left is wearing a green hard hat and a grey long-sleeved shirt, standing on a red ladder. The worker on the right is wearing a yellow hard hat and a black t-shirt, standing on a yellow ladder. They are both holding a large, rectangular solar panel with a grid of blue cells. Another solar panel is visible below it. The background shows green trees and a clear sky.

Georgia's Emerging Solar Sector

Solar energy jobs are jobs that generate and distribute electricity from sunlight

- Solar energy is rapidly becoming the largest source of electric power in Georgia (ranked No. 1 in solar job growth in the Solar Foundation's 2019 Solar Jobs Census)
- 5,000 jobs in were created in Georgia in 2018 alone.
- Solar Caps Challenge Job Sector Growth***

Supporting Entrepreneurship

Innovation and Incubation Hubs

- Are we prioritizing entrepreneurship as a workforce strategy?
- Are we creating equal access to HBCUs entrepreneurial support?
 - AUC Propel Center/Center for Black Entrepreneurship
 - Entrepreneur Centers and SBDCs (Morehouse, Savannah State)
 - Financial Support for Startup Businesses

How are HBCUs coordinating anchor procurement and inclusive contracting to both service university needs and build Black business capacity?

Additional Considerations

- Controlling for affordability
 - In 2017, HBCU students took out 32 percent more federal debt per student than non-HBCU students. If equal, HBCU students would accrue \$280 million less in loan debt. (McKinsey, 2021)
- Cross sector partnerships (private sector investment)
 - Propel/Bank of America and the Center for Black Entrepreneurship
- Partnerships between HBCUs/PWIs
 - Student centered (ex. Fisk to Vanderbilt PhD Bridge program, Call me MISTER in South Carolina to increase Black K-12 teachers)
 - Joint Funding (Benedict/Univ. South Carolina \$6 million GEERS grant)
 - Faculty research
- Career connectivity/business relocation/retention and incentivizing hiring of local Black talent.
 - Ensuring that GA HBCU graduates, and legacy residents of color, have first consideration on jobs.
- Land acquisition to support community revitalization, workforce housing, and housing affordability.

Invest in Impact

Given the resourcefulness of Black institutions and the significant return on investment from Georgia's HBCUs, what does it look like to scale?

- This is an investment in demonstrated impact and capacity
 - HBCUs create access, increase social and economic mobility, and produce significant return on investments.
 - If equitably capitalized, how much more could be done?



Thank You

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